

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

A

WS-01025A  
Ajo Improvement Company - Sewer Division  
PO Drawer 9  
Ajo, AZ 85321

**RECEIVED**

APR 25 2006

AZ CORP COMM  
Director Utilities

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2005
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FOR COMMISSION USE

ANN05	05
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entered  
4-25-06  
RF

## COMPANY INFORMATION

**Company Name (Business Name)** AJO IMPROVEMENT COMPANY

**Mailing Address** PO Drawer 9  
(Street)

Ajo  
(City)

AZ  
(State)

85321  
(Zip)

(520) 387-7632

Telephone No. (Include Area Code)

(520) 387-7627

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Email Address** vhall@phelpsdodge.com

**Local Office Mailing Address** same as above  
(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

## MANAGEMENT INFORMATION

**Management Contact:** Bill Rech President  
(Name) (Title)

One North Central Avenue  
(Street)

Phoenix  
(City)

AZ  
(State)

85004  
(Zip)

(602)-366-8100

Telephone No. (Include Area Code)

(602) 366-7135

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

**On Site Manager:** Raymond T. Romero  
(Name)

PO Drawer 9  
(Street)

Ajo  
(City)

AZ  
(State)

85321  
(Zip)

(520) 387-7451

Telephone No. (Include Area Code)

(520) 387-7627

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

**Statutory Agent:** C. T. CORP  
(Name)

3225 NORTH CENTRAL AVENUE PHOENIX AZ 85004  
(Street) (City) (State) (Zip)

(602) 277-4792    
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

**Attorney:** S. David Colton  
(Name)

ONE NORTH CENTRAL AVENUE PHOENIX AZ 85004  
(Street) (City) (State) (Zip)

(602) 366-8143 (602) 366-6321   
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

- |                                                 |                                                                                      |
|-------------------------------------------------|--------------------------------------------------------------------------------------|
| <input type="checkbox"/> Sole Proprietor (S)    | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input type="checkbox"/> Subchapter S Corporation (Z)                                |
| <input type="checkbox"/> Bankruptcy (B)         | <input type="checkbox"/> Association/Co-op (A)                                       |
| <input type="checkbox"/> Receivership (R)       | <input type="checkbox"/> Limited Liability Company                                   |
| <input type="checkbox"/> Other (Describe) _____ |                                                                                      |

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- |                                     |                                          |                                   |
|-------------------------------------|------------------------------------------|-----------------------------------|
| <input type="checkbox"/> APACHE     | <input type="checkbox"/> COCHISE         | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA       | <input type="checkbox"/> GRAHAM          | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ     | <input type="checkbox"/> MARICOPA        | <input type="checkbox"/> MOHAVE   |
| <input type="checkbox"/> NAVAJO     | <input checked="" type="checkbox"/> PIMA | <input type="checkbox"/> PINAL    |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI         | <input type="checkbox"/> YUMA     |
| <input type="checkbox"/> STATEWIDE  |                                          |                                   |

**UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D. (OC less AD)</b>
351	Organization			
352	Franchises			
353	Land and Land Rights			
354	Structures and Improvements			
355	Power Generation Equipment			
360	Collection Sewers – Force	150,376	150,376	-0-
361	Collection Sewers – Gravity			
362	Special Collecting Structures			
363	Services to Customers	65,920	65,920	-0-
364	Flow Measuring Devices	23,774	23,774	-0-
365	Flow Measuring Installations			
370	Receiving Wells	231,086	54,419	176,667
380	Treatment and Disposal Equip.			
381	Plant Sewers			
382	Outfall Sewer Lines			
389	Other Plant and Misc. Equipment	19,444	19,444	-0-
390	Office Furniture and Equipment	1,348	1,348	-0-
391	Transportation Equipment	11,252	11,252	-0-
393	Tools, Shop and Garage Equip.	30,284	3,028	27,256
394	Laboratory Equipment			
395	Power Operated Equipment	22,531	22,531	-0-
398	Other Tangible Plant			
	<b>TOTALS</b>	<b>556,015</b>	<b>352,092</b>	<b>203,923</b>

This amount goes on the Balance Sheet Acct. No. 108

**CALCULATION OF DEPRECIATION EXPENSE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (1)</b>	<b>Depreciation Percentage (2)</b>	<b>Depreciation Expense (1x2)</b>
351	Organization			
352	Franchises			
353	Land and Land Rights			
354	Structures and Improvements			
355	Power Generation Equipment	150,376	-0-	-0-
360	Collection Sewers – Force			
361	Collection Sewers – Gravity			
362	Special Collecting Structures			
363	Services to Customers	65,920	-0-	-0-
364	Flow Measuring Devices	23,774	-0-	-0-
365	Flow Measuring Installations			
370	Receiving Wells	231,086	2.88	6,666
380	Treatment and Disposal Equip.			
381	Plant Sewers			
382	Outfall Sewer Lines			
389	Other Plant and Misc. Equipment	19,444	-0-	-0-
390	Office Furniture and Equipment	1,348	16.69	225
391	Transportation Equipment	11,252	-0-	-0-
393	Tools, Shop and Garage Equip.	30,284	10	3,028
394	Laboratory Equipment			
395	Power Operated Equipment	22,531	-0-	-0-
398	Other Tangible Plant			
	<b>TOTALS</b>	<b>556,015</b>		<b>9,919</b>

This amount goes on the Comparative Statement of Income and Expense Acct. 403

**BALANCE SHEET**

<b>Acct No.</b>	<b>ASSETS</b>	<b>BALANCE AT BEGINNING OF TEST YEAR</b>	<b>BALANCE AT END OF YEAR</b>
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 71,652	\$ 36,673
132	Special Deposits		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	959,355	298,721
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	51,301	54,929
162	Prepayments	-0-	6,167
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>\$1,082,308</b>	<b>\$ 396,490</b>
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$3,680,261	\$3,756,726
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(2,485,283)	(2,534,327)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	<b>\$1,194,978</b>	<b>\$1,222,399</b>
182	Deferred Other	68,948	30,000
	<b>TOTAL ASSETS</b>	<b>\$2,346,234</b>	<b>\$2,736,801</b>

NOTE: Total Assets on this page should equal **Total Liabilities and Capital** on the following page.

**BALANCE SHEET (CONTINUED)**

Acct No.	LIABILITIES	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$1,932,138	\$3,109,293
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	22,723	30,857
235	Customer Deposits		
236	Accrued Taxes	59,741	76,669
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$2,014,602	\$3,216,819
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$311,963	\$311,963
	<b>DEFERRED CREDITS</b>		
252	Advances in Aid of Construction	\$	\$
253	Other Deferred Credits		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ -0-	\$ -0-
	<b>TOTAL LIABILITIES</b>	\$	\$
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$392,000	\$392,000
211	Other Paid in Capital	3,144,546	3,144,546
215	Retained Earnings	(3,516,878)	(3,516,877)
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$19,669	\$19,669
	<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$2,346,234</b>	<b>\$2,346,234</b>

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

<b>Acct. No.</b>	<b>OPERATING REVENUES</b>	<b>PRIOR YEAR</b>	<b>CURRENT YEAR</b>
521	Flat Rate Revenues	\$112,685	\$136,824
522	Measured Revenues		
536	Other Wastewater Revenues		
	<b>TOTAL REVENUES</b>	<b>\$112,685</b>	<b>\$136,824</b>
	<b>OPERATING EXPENSES</b>		
701	Salaries and Wages	\$35,226	\$58,453
710	Purchased Wastewater Treatment		
711	Sludge Removal Expense		
715	Purchased Power	655	254
716	Fuel for Power Production		
718	Chemicals		
720	Materials and Supplies	6,081	13,724
731	Contractual Services – Professional	804	18,325
735	Contractual Services – Testing	-0-	-0-
736	Contractual Services – Other	5,832	-0-
740	Rents	15,600	16,384
750	Transportation Expense		
755	Insurance Expense		
765	Regulatory Commission Expense		
775*	Miscellaneous Expense	128,705	255,017
403	Depreciation Expense	7,116	9,919
408	Taxes Other Than Income	3,013	11,852
408.11	Property Taxes	10,985	4,924
409	Income Taxes		
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$214,017</b>	<b>\$388,852</b>
	<b>OTHER INCOME/EXPENSE</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	10,400	10,400
	<b>TOTAL OTHER INCOME/EXPENSE</b>	<b>\$10,400</b>	<b>\$10,400</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ (111,732)</b>	<b>\$ (262,428)</b>

*721 Office Supplies.....	\$6,341	\$4,637
*730 Outside Services .....	\$109,412	\$227,765
*758 Health & Life Insurance .....	\$20,447	\$33,239
*775 Misc Expense .....	\$(7,495)	\$(10,624)
.....	\$128,705	\$255,017



**COMPANY NAME – Ajo Improvement Company**

**SUPPLEMENTAL FINANCIAL DATA**

**Long-Term Debt**

	<b>LOAN #1</b>	<b>LOAN #2</b>	<b>LOAN #3</b>	<b>LOAN #4</b>
Date Issued	10-10-85			
Source of Loan	Promissory Note			
ACC Decision No.	54709			
Reason for Loan	To fund from Phelps	facilities Dodge	acquired or to	be acquired
Dollar Amount Issued	\$311,963	\$	\$	\$
Amount Outstanding	\$311,963	\$	\$	\$
Date of Maturity	12-31-08			
Interest Rate	10%	%	%	%
Current Year Interest	\$31,200	\$	\$	\$
Current Year Principle	\$ -0-	\$	\$	\$

**COMPANY NAME – Ajo Improvement Company**

## **WASTEWATER COMPANY PLANT DESCRIPTION**

### **TREATMENT FACILITY**

<b>TYPE OF TREATMENT</b> (Extended Aeration, Step Aeration, Oxidation Ditch, Aerobic Lagoon, Anaerobic Lagoon, Trickling Filter, Septic Tank, Wetland, Etc.)	Anaerobic Lagoon
<b>DESIGN CAPACITY OF PLANT</b> (Gallons Per Day)	Approximately 400,000 gallons

### **LIFT STATION FACILITIES**

<b>Location</b>	<b>Quantity of Pumps</b>	<b>Horsepower Per Pump</b>	<b>Capacity Per Pump (GPM)</b>	<b>Wet Well Capacity (gals)</b>
11 <sup>th</sup> Street	2	7.5	125	47,000

### **FORCE MAINS**

<b>Size</b>	<b>Material</b>	<b>Length (Feet)</b>
4-inch	Steel	2,000
6-inch	N/A	

### **MANHOLES**

<b>Type</b>	<b>Quantity</b>
Standard	232
Drop	N/A

### **CLEANOUTS**

<b>Quantity</b>
None

**COMPANY NAME – Ajo Improvement Company**

**WASTEWATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**COLLECTION MAINS**

<b>Size (in inches)</b>	<b>Material</b>	<b>Length (in feet)</b>
4	Clay Tile/Cement ASBES	3200/2100
6	Clay Tile	25200
8	Cement ASBES/Clay Tile	36900/400
10	Cement ASBES/Clay Tile	9300/1000
12	Clay Tile/Cement ASBES	2800/800
15		
18		
21		
24		
30		
	Total	85,300

**SERVICES**

<b>Size (in inches)</b>	<b>Material</b>	<b>Quantity</b>
4	Red Clay and Transit	1200
6		
8		
12		
15		

**FOR THE FOLLOWING FIVE ITEMS, LIST THE UTILITY OWNED ASSETS IN EACH CATEGORY**

<b>SOLIDS PROCESSING AND HANDLING FACILITIES</b>	Waste Water Treatment Plant
<b>DISINFECTION EQUIPMENT</b> (Chlorinator, Ultra-Violet, Etc.)	N/A
<b>FILTRATION EQUIPMENT</b> (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	N/A
<b>STRUCTURES</b> (Buildings, Fences, Etc.)	6' Chain Link Enclosure
<b>OTHER</b> (Laboratory Equipment, Tools, Vehicles, Standby Power Generators, Etc.)	One 3-Phase 240V – 480V Portable Unit

**COMPANY NAME – Ajo Improvement Company**

**WASTEWATER FLOWS**

<b>MONTH/YEAR (Most Recent 12 Months)</b>	<b>NUMBER OF SERVICES</b>	<b>TOTAL MONTHLY SEWAGE FLOW</b>	<b>SEWAGE FLOW ON PEAK DAY</b>
Jan *13	1,070	1,115,788	135,053
Feb *13	1,076	1,258,129	143,860
Mar 31	1,082	433,088	503,398
Apr 30	1,077	2,077,464	178,887
May 28	1,067	95,214	504,459
June 30	1,079	2,152,479	262,055
July *8	1,071	291,148	39,183
Aug *4	1,078	-0-	-0-
Sept *30	1,069	101,828	10,148
Oct *26	1,072	73,272	28,835
Nov 30	1,077	111,929	26,200
Dec 31	1,083	130,181	26,325

**\*Number of days meter recorded readings. The other days the meter malfunctioned.**

**PROVIDE THE FOLLOWING INFORMATION AS APPLICABLE**

<b>Method of Effluent Disposal</b> (leach field, surface water discharge, reuse, injection wells, groundwater recharge, evaporation ponds, etc.)	Evaporation Pond
<b>Wastewater Inventory Number</b> (all wastewater systems are assigned an inventory number)	101,678
<b>Groundwater Permit Number</b>	N/A
<b>ADEQ Aquifer Protection Permit Number</b>	101,678
<b>ADEQ Reuse Permit Number</b>	N/A
<b>EPA NPDES Permit Number</b>	40-100

### **STATISTICAL INFORMATION**

Total number of customers	1083	
Total number of gallons treated	Unknown	<u>gallons</u>

COMPANY NAME Ajo Improvement Company YEAR ENDING 12/31/2005

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported Ajo Improvement Company consolidates with  
Estimated or Actual Federal Tax Liability its parent company Phelps Dodge Corporation

State Taxable Income Reported same as above  
Estimated or Actual State Tax Liability \_\_\_\_\_

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances N/A  
Amount of Gross-Up Tax Collected N/A  
Total Grossed-Up Contributions/Advances N/A

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

William D. Rech  
SIGNATURE

4/19/06  
DATE

William D. Rech

President

PRINTED NAME

TITLE

COMPANY NAME Ajo Improvement Company YEAR ENDING 12/31/2005

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2005 was: \$ 4,904.38

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**VERIFICATION  
AND  
SWORN STATEMENT  
Taxes**

**RECEIVED**

**APR 25 2006**

**AZ CORP COMM  
Director Utilities**

**VERIFICATION  
STATE OF ARIZONA  
I, THE UNDERSIGNED  
OF THE**

COUNTY OF (COUNTY NAME)	Pima
NAME (OWNER OR OFFICIAL) TITLE	William D. Rech
COMPANY NAME	Ajo Improvement Company

**DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

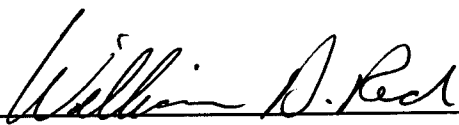
MONTH	DAY	YEAR
12	31	2006

**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.**

**SWORN STATEMENT**

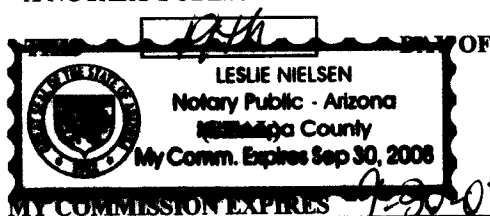
**I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.**

**I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.**


  
\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL  
  
602-366-8028  
\_\_\_\_\_  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**



COUNTY NAME	
Maricopa	
MONTH	2006
April	

  
\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC



**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**RECEIVED**

APR 25 2006

AZ CORP COMM  
Director Utilities

**VERIFICATION  
STATE OF ARIZONA  
I, THE UNDERSIGNED  
OF THE**

COUNTY OF (COUNTY NAME)	Pima
NAME (OWNER OR OFFICIAL) TITLE	William D. Rech
COMPANY NAME	Ajo Improvement Company

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**  
**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2005

**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.**

**SWORN STATEMENT**

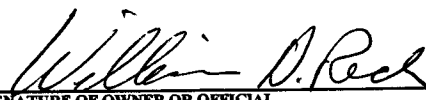
**IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:**

Arizona Intrastate Gross Operating Revenues Only (\$)

**\$ 144,457**

**(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 7,632.49  
IN SALES TAXES BILLED, OR COLLECTED)**

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

  
\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL  
602-366-8028  
\_\_\_\_\_  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS**

19th

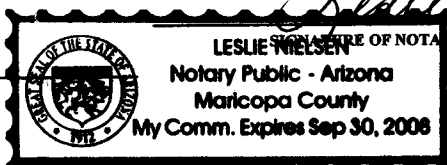
**DAY OF**

COUNTY NAME	Maricopa
MONTH	April, 2006

**(SEAL)**

**MY COMMISSION EXPIRES**

9-30-08



**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**

**RECEIVED**

APR 25 2006

**VERIFICATION**

**AZ CORP COMM  
Director Utilities**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME) <u>Pima</u>	
NAME (OWNER OR OFFICIAL) <u>William D. Rech</u>	TITLE <u>President</u>
COMPANY NAME <u>Ajo Improvement Company</u>	

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**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2005

**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.**

**SWORN STATEMENT**

**IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2005 WAS:**

**ARIZONA INTRASTATE GROSS OPERATING REVENUES**

**\$ 111,907**

**(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 6,668**

**IN SALES TAXES BILLED, OR COLLECTED**

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.**

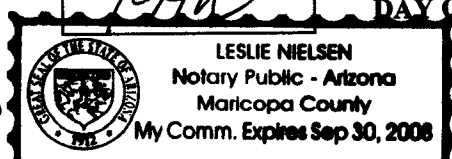
X William D. Rech  
SIGNATURE OF OWNER OR OFFICIAL  
602-366-8028  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS 19th DAY OF**

**(SEAL)**



**MY COMMISSION EXPIRES**

9-30-08

NOTARY PUBLIC NAME <u>Leslie Nielsen</u>	
COUNTY NAME <u>Maricopa</u>	
MONTH <u>April</u>	20 <u>06</u>

X

Leslie Nielsen  
SIGNATURE OF NOTARY PUBLIC